

# 2019 CDBG Applicants' Workshop

## Neighborhood Revitalization Session



December 12, 2018

Glenn Misner

Do these look familiar???











































# One tool that can help.....CDBG

- ❑ Community Development Block Grant (CDBG) enacted by Congress as Title I of Housing and Community Development Act of 1974
- ❑ The primary objective of CDBG is “the development of viable communities through improvement of living conditions, housing and the expansion of economic opportunities in cities and counties, principally for persons of low-and moderate income.”



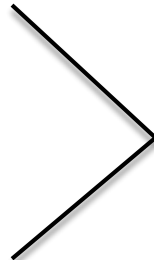
# CDBG

- ❑ Local governments can implement a broad range of activities as long as they further the National Objectives of the Act
- ❑ National Objectives are:
  - ❑ Majority benefit to low and moderate income persons through services and job creation
  - ❑ Prevention or elimination of slums and blight
  - ❑ Meeting urgent needs that pose a threat to the health and welfare of the community

# CDBG Annual Competition



## Funding Limits

Single Activity CDBG (Annual Competition)		
Employment Incentive Program		
Redevelopment Fund Program		
Multi-Activity	-----	\$1,000,000



# CDBG Annual Competition



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□ Due Date:

**April 1, 2019**

# CDBG Neighborhood Revitalization

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## ▣ Types of Grants

### ▣ **Single Activity:**

- ▣ Housing Activities Only
- ▣ Infrastructure Activities Only

### ▣ **Multi-Activity:**

- ▣ Housing PLUS Infrastructure Activities



# CDBG Neighborhood Revitalization

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- **Assessing Needs**
  - **What are the needs community wide?**
  - **Are there concentrations of substandard housing? Are there Infrastructure needs?**
  - **Determine the project area (TARGET AREA)**

# Single Activity

## Neighborhood Revitalization

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- **Addresses Housing Activities**
- **May Include Several Activities**
  - **Rehabilitation**
  - **Reconstruction**
  - **Acquisition**
  - **Relocation**
  - **Demolition/Clearance**



# Single Activity

## Neighborhood Revitalization

- ▣ **Who May Receive Assistance?**
  - ▣ **Individual or Family Home-Owners (Owner Occupants).**
  - ▣ **Investor Owners (Rental Units).**
  - ▣ **Occupants must meet Low-Moderate Income definition.**
  - ▣ **Must possess clear Deed to property.**
  - ▣ **Properties must be within Applicant Jurisdiction.**

# Single Activity

## Neighborhood Revitalization

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- **Limit of \$750,000.**
- **May be City/County Wide, Target Area, or Targeted to a Specific Group**
  - **Elderly**
  - **Handicapped**
  - **Working Families with Children**



## Eligible Activities

### Single Activity Neighborhood Revitalization

Maximum \$750,000.

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- ❑ **Rehabilitation** – To repair and/or bring to Code existing substandard housing unit.
- ❑ **Reconstruction** – Where unfeasible to Rehab, Demolish and construct new unit on same site  
– *Owner Occupied ONLY.*

## Eligible Activities

Single Activity Neighborhood Revitalization

Maximum \$750,000.

- **Acquisition - of Real Property**
- **Disposition – Costs Incidental to Disposing of Property Acquired with CDBG Funds**
- **Code Enforcement – but...**



## Eligible Activities

### Single Activity Neighborhood Revitalization

Maximum \$750,000.

- ❑ **Clearance – Of Dilapidated Structures, out-buildings, etc. – GET OWNER COMMITMENT**
- ❑ **Interim Assistance**
- ❑ **Relocation – Temporary or Permanent**
  - ❑ **Temp Relocation is NOT mandatory for Owner occupied units**
- ❑ **Removal of Architectural Barriers**

## Eligible Activities

### Single Activity Neighborhood Revitalization

Maximum \$750,000.

#### □ Home Buyer Assistance

- Down Payment
- Closing costs
- Principle Reduction Payment
- Interest buy-down

**NOTE:** *DCA policy mandates use of **fixed rate mortgages** on all CDBG funded projects*



# Multi-Activity

Maximum \$1,000,000.

## Multi-Activity

### “Comprehensive Neighborhood Revitalization”

- ❑ Includes Housing AND Public Facilities Activities
- ❑ Limit of \$1,000,000
- ❑ Inter-related Activities
- ❑ Same Target Area
- ❑ Comprehensive (Meets all/most of the Needs in the Target Area)
- ❑ **Reasonable** Distribution of Funds Between Activities

## Revitalization Area Strategy (RAS)

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- ☐ **Officially adopt a local Redevelopment Plan in accordance with the Urban Redevelopment Act O.C.G.A. 36-61**
- ☐ **Eligible area of Census Block Group(s) of 20% or greater poverty level.**
- ☐ **Develop strong local partnerships focusing local resources within the Revitalization Area.**
- ☐ **Submit application for designation to DCA.**
- ☐ **Must be designated by DCA through application**
  - ☐ **Due no later than April 1, 2019**



- **Each application is read and reviewed by the Housing Panel**
- **Rank and Score based on:**
  - **Feasibility of Project**
  - **Strategy Proposed**
  - **Impact of Project**
  - **Project Need**

# Feasibility Considerations

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- **How and why the project was chosen**
- **Property Standards to be used**
- **Lead Based Paint (LBP) fully addressed**
- **Outside Funding Sources and Commitments**
- **Operation Oversight / Experience**
- **Maps and Overview**
- **Selling Your Project**
- **Costs**



# Feasibility Considerations

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- **How and why the project was chosen**
  - **Provide a compelling narrative that describes the process used to choose the project – Including the required Citizen Participation process**
  - **Use DCA 3 for this discussion**
    - **DCA required concentration maps should be basis for discussion**

# Feasibility Considerations

## Minimum Property Standards

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- ❑ **Realistic Local Minimum Property Standards – you determine what standards you want in your community.**
- ❑ **Code Violations and Incipient Violations.**
- ❑ **First priority should be given to Health, Safety, and ADA accommodation.**

# Feasibility Considerations

## Lead Based Paint (LBP)

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- ❑ Lead hazard evaluation is *required* on any structure built before 1978.
- ❑ Evaluation services must be performed by an inspector/risk assessor licensed and certified by the State of Georgia.
- ❑ Lead hazard control work must be performed by certified contractors who have passed the EPA Renovation, Repair and Painting (RRP) rule safe work practice training.



# Feasibility Considerations

## Lead Based Paint (LBP)

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- ❑ **Be prepared to seek services outside your local area.**
- ❑ **Demonstrate understanding of LBP regulation requirements.**
- ❑ **Lead hazard control can be costly, budget 25% of estimated rehab hard cost on ALL budget forms.**

# Feasibility Considerations

Funding, Partnerships, Other Resources.

- ❑ Document ownership of EACH unit
- ❑ Provide reasonable justification for all costs, and the basis of those costs.
- ❑ Obtain FIRM, SPECIFIC commitment letters from all partners. **INCLUDING HOMEOWNERS**
  - ❑ **Commitments may be conditional on grant award and present income**
- ❑ Ensure that the commitment letters are issued and signed by authorized individuals.
- ❑ *Pledges of support without firm commitment letters will not be considered.*

# Feasibility Considerations

Funding, Partnerships, Other Resources.

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- ❑ **Indicate how each will be applied, at what point will these funds be released.**
  - ❑ **Contractor pay schedule**
- ❑ **General Property Improvements (GPI) are not funded by CDBG.**
- ❑ **Secure firm, convincing documentation of participation from investor-owners.**



# Feasibility Considerations

## Schedules and Time tables

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- **Who will provide Project oversight?**
  - **What are their credentials?**
- **Demonstrate capacity to undertake the project.**
- **Develop and show a schedule of start and completion dates. Indicate milestones and inspection points.**

# Feasibility Considerations

## Contracting and Construction

### **The Application must demonstrate understanding of the Rehab process**

- ❑ **Beneficiary eligibility**
- ❑ **“Work Write-Up” and “Scope of Work”.**
  - ❑ **Maximum value rehabilitation!!!!**
  - ❑ **MHU Rehab Limit of \$7,000 – including owner match**
- ❑ **Qualifying contractors: establish guidelines and criteria.**
- ❑ **Bidding process and bid acceptance protocol.**
- ❑ **Contract negotiations.**
- ❑ **Change Orders protocol.**
- ❑ **Draw Request and approval process.**

# Feasibility Considerations

## Maps and Photos

- ❑ **DCA Form 12 instructions spells out what is required for Concentration Maps of the ENTIRE COMMUNITY – not just the TA**
  - ❑ **You MUST include the required concentration maps from DCA's website**
  - ❑ **SDS map requirement must be met for HOUSING AND infrastructure projects (MA apps)**

## **More on Maps under Strategy**



# Feasibility Considerations

## Maps and Photos

- ❑ **DCA Form 12 instructions spells out what is required on TA maps.**
  - ❑ **Map should be in common scale.**
  - ❑ **Show details in the Target Area(s): ALL existing structures (unit map #'s), street names, schools, commercial, etc.**
  - ❑ **Photographs must indicate Unit numbers.**
  - ❑ **Indicate occupancy status of all structures (e.g. occupied, vacant, investor owner/rental, non-targeted structure, non-residential, etc.).**
  - ❑ **Indicate type of construction (Stickbuilt/modular or MHU)**
  - ❑ **Indicate proposed Activity.**

# Feasibility Considerations

## Maps and Photos

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- **Indicate condition of all residential structures**
  - **THREE CLASSIFICATIONS**
    - **Standard**
    - **Substandard**
    - **Dilapidated**

# Feasibility Considerations

## Maps and Photos

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### ☐ Indicate Occupancy

- Owner occupied
- Renter occupied (Investor owned)
- Vacant

### ☐ Indicate construction type

- Stick/Site built or Modular
- Manufactured Housing Unit (MHU)

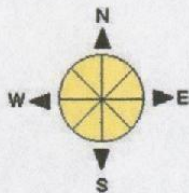


# Feasibility Considerations

## Maps and Photos

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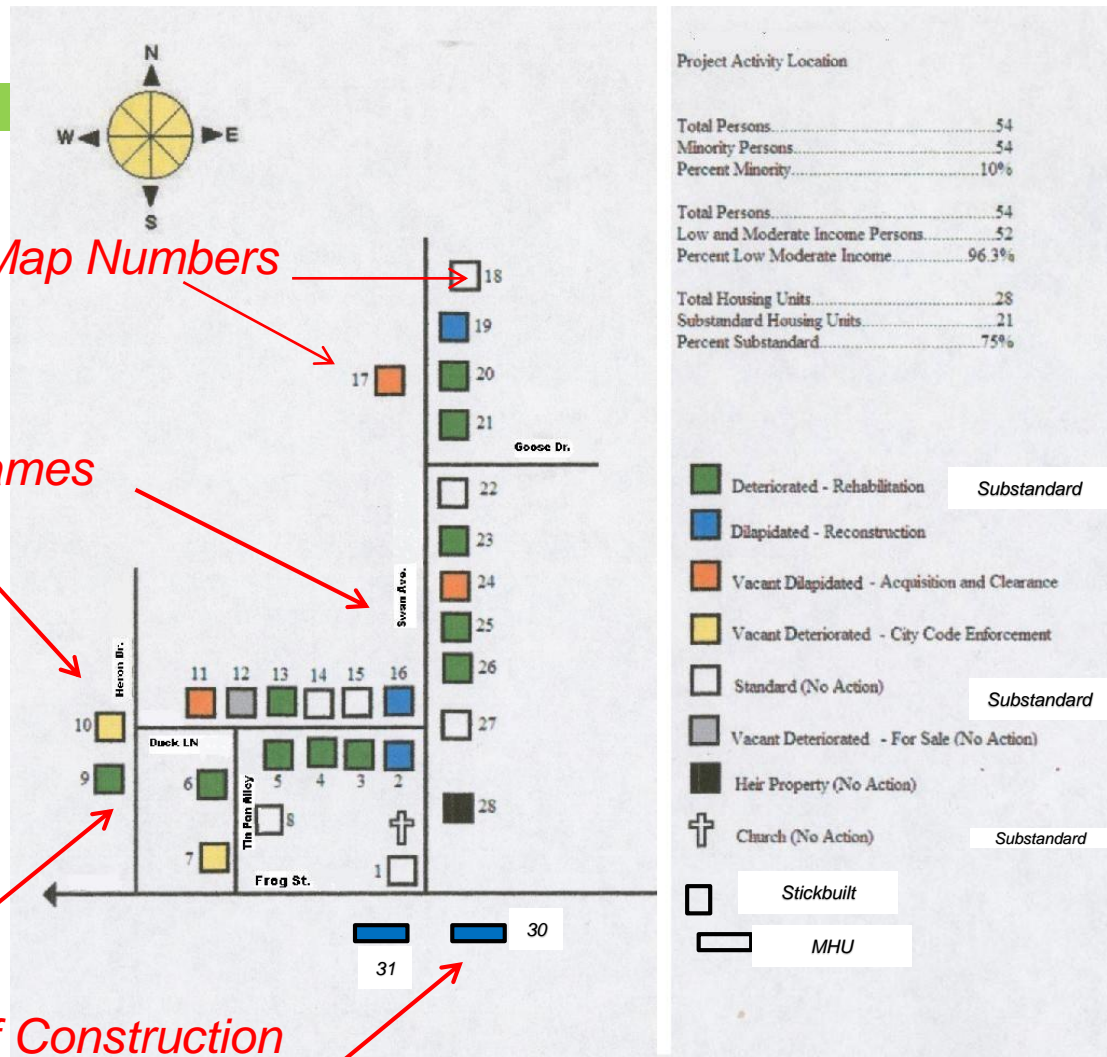
- ❑ **Indicate Proposed Activity**
  - **No activity – standard or otherwise explained**  
**Unaddressed need will not get full points available**
  - **Rehab**
  - **Reconstruction**
  - **Clearance**
  
- ❑ **INCLUDE FINANCIAL PLAN FORM (EXHIBIT H)**



Unit Map Numbers

Street Names

Type of Construction



# Feasibility Considerations

## Maps and Photos (cont.)

### ■ Photographs.

- Show all 4 elevations.
- Interior and exterior photos should *clearly* represent condition of structure and problems described in narrative.
- Photos should illustrate problems that will be addressed in the scope of work/cost estimate.
- Photos should be captioned describing what the photo is illustrating
- Be sure to include dilapidated vacant units, usually proposed for acquisition and clearance – if unsafe to enter, be sure to describe conditions in full, and document ownership

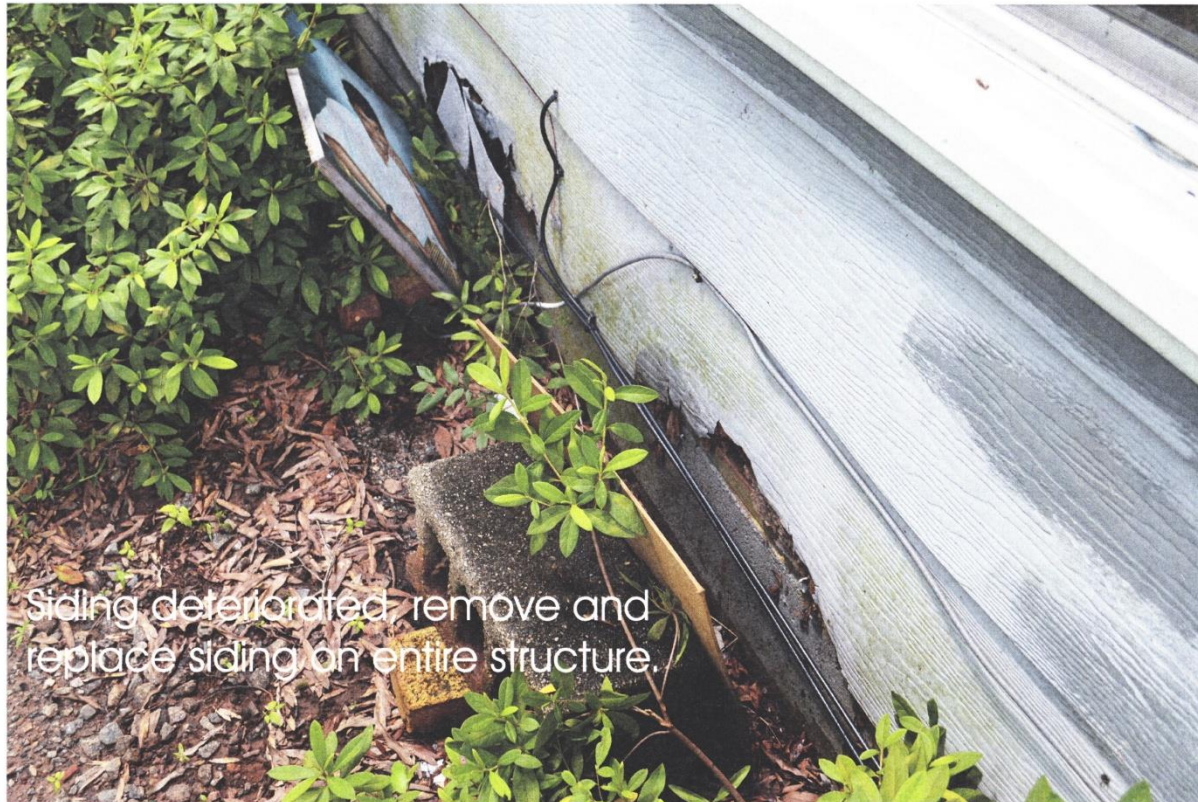
# Photo Examples



*Unit #1*      123 West Jones Ave. Yourtown, GA



# *Photo Examples*



*Unit #1*

123 West Jones Ave. Yourtown, GA

# *Photo Examples*

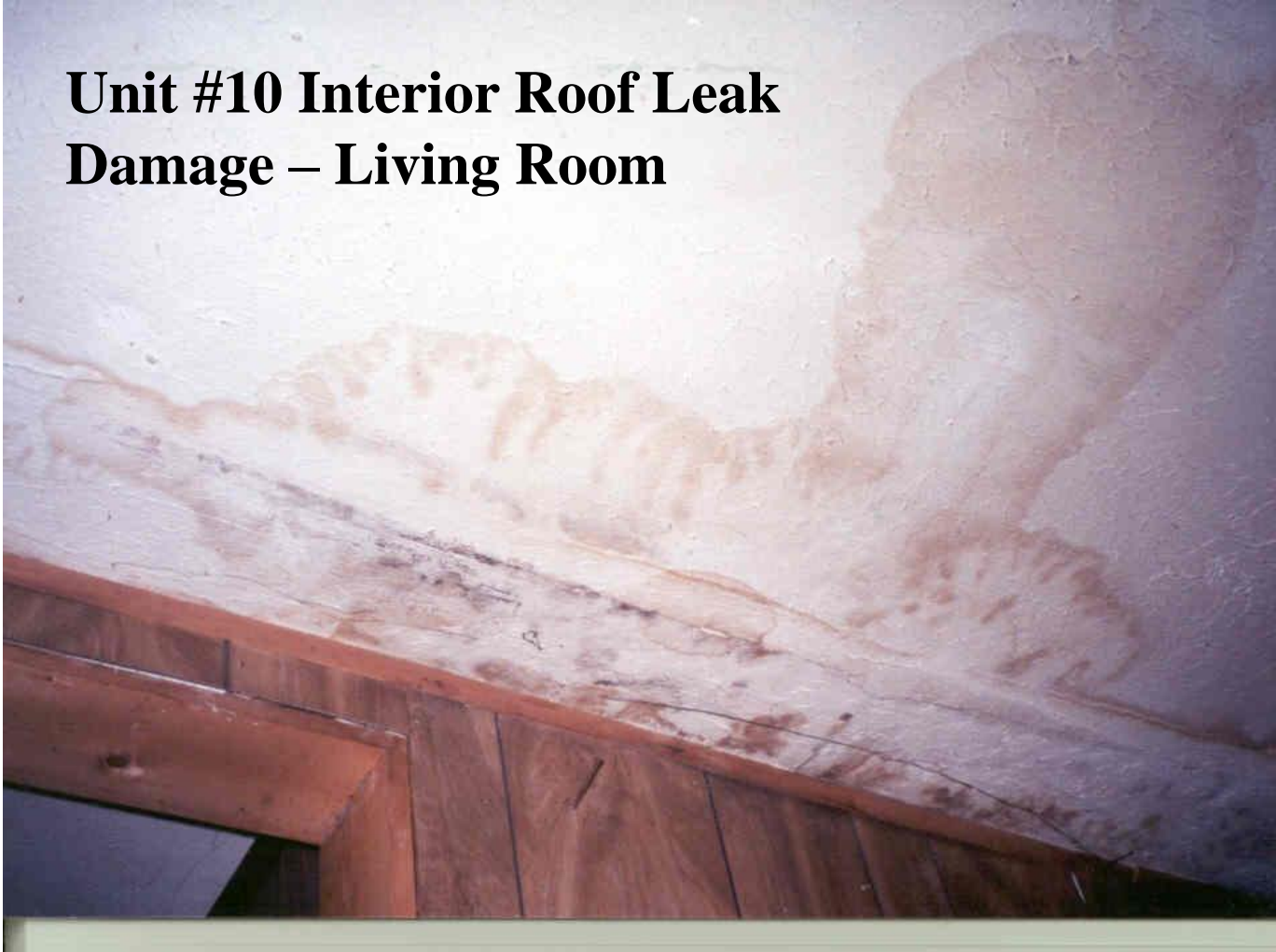


**Unit # 10 - Left Front View**



# *Photo Examples*

**Unit #10 Interior Roof Leak  
Damage – Living Room**



# Feasibility Considerations

## Selling it to DCA

- ❑ Exactly **WHERE** the target area(s) are located (map).
- ❑ Exactly **HOW** this project was chosen.
  - ❑ Describe process for choosing this TA (See mapping Req.)
- ❑ Exactly **WHAT** will this project achieve.
- ❑ Exactly **WHO** will the project impact.
- ❑ Exactly **HOW** you will accomplish the project.

**BE SPECIFIC!**

# Feasibility Considerations

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- ❑ **Financing Technique(s) AGAIN - BE SPECIFIC**
  - **Deferred Payment Loans – discuss terms**
  - **Leveraged Loans/Interest Buy Downs**
  - **Who are your partners**
- ❑ **Include participation formula**
  - ❑ **Know your community! Be realistic with participation formula – Get owner commitments in writing**



# Feasibility Considerations

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- ❑ **Confirmation of proposed resources and partners**
- ❑ **Compliance with Applicable Laws**
  - ❑ **Be Sure to address:**
    - **Sec 3**
    - **FHEO – AFFH Efforts**
    - **LEP**
    - **URA- Acquisition/Relocation/Displacement**
    - **NEPA- Historic Preservation (SHPO)**

# Feasibility Considerations

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- ❑ **Investor Owner Eligibility**
  - **Financing: 50%, DPL at full term (no forgiveness)**
  - **Rent Regulatory Agreement**
- ❑ **Timetable for proposed accomplishments**

# Feasibility Considerations

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- ❑ **Unit by unit analysis of proposed activity**
  - ❑ **Include per unit cost estimate.**
    - **A Comprehensive Work Write-up for each unit**
  - ❑ **Include description of proposed work needed with pictures illustrating problems (exterior and interior).**
  - ❑ **Feasibility Test Forms – if applicable**
  - ❑ **Complete “Financial Plan” Form (Appendix H)**

# Strategy Considerations

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- ❑ **Describe and Document Severity of problems**
- ❑ **Demonstrate needs in Narrative AND with Pictures**
- ❑ **Alternatives to Strategy**
  - ❑ **Especially true for Multi-Activity infrastructure activities**
- ❑ **Discuss other possible strategies and why the proposed strategy is best for problems described. Inclusion of cost of alternative strategies can demonstrate why the chosen strategy is the best.**

# Strategy Considerations

- ❑ **Describe what steps the community has, or will take, to prevent reoccurrence of the described situation. Be specific.**
- ❑ **Include copies of current ordinances and enforcement policies that govern community blight.**
  - ❑ **Include examples of actions taken and results**
- ❑ **Discuss other detrimental conditions to which the community is exposed and efforts being taken to resolve these issues.**



# Strategy Considerations

- ❑ **Discuss the financial commitments that the applicant has, or will take, to support and maintain continued area improvements.**
- ❑ **Describe how CDBG funds will augment and support other efforts within the community to improve the “livability” of both the target area, as well as, the community at large. Impact consideration**

# Strategy Considerations

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## □ Marketing of Program

- Who has expressed interest in Program?
- How will community interest be generated?
- Are residents supportive of the program?
- Document Commitment from Owner Occupants and Investor Owners!
  - Resident letters
  - Written commitment of participation amounts

# Strategy Considerations

## Maps

- ❑ DCA Form 12 instructions spells out what is required on TA maps:
- ❑ In addition to the TA/Housing maps discussed earlier

**You MUST include the required concentration maps from DCA's website**

**Request TA if you cannot access the DCA Mapping tools**

# Project Need Considerations

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## □ **Need for Project**

- Documented severity of need.
  - Photos of all problems described
  - Must support the budget for the proposed activity
- Describe the effect the proposed project will have on the identified needs as well as the community as a whole.
- DCA 3 should describe the needs of the entire community
- DCA 4 describes the need for the chosen Target Area as well as the needs the project will address

# Project Need Considerations

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- ▣ **Need for Project (Con't.)**
  - ▣ **Need score based on described and documented need:**
    - **Critical Health and safety issues**
    - **Moderate Health and safety issues**
    - **Low Health and Safety issues**



# Impact Considerations

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## □ Impact Of Project

- DCA 5 should propose a plan to address all needs described in DCA 4
  - If a Phased approach is needed to address all needs, the plan should be a well thought out, reasonable, strategic approach to resolving all the identified needs.
  - Plans for future phases should include detailed narrative as well as identification of future phases on maps.
- Indicate Number of persons who will benefit.
- Overall CDBG Cost per person.

# Impact Considerations

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## ■ Impact Of Project

- ❑ Describe the effect a successful project will have on the Target Area and entire community.
- ❑ 100% of the described need must be addressed – with CDBG funds or with other resources – to gain maximum points
- ❑ Other resources/strategies to address needs unmet by CDBG funds must be identified and documented in detail
- ❑ Concentration of activity in as small a target area as funding will allow is the ideal, in order to achieve maximum impact in the chosen TA

# Successful Strategies

## Financial Participation

### Owner Participation as Fixed Percentage of Annual Income based on Income Level.

Example: for Participants at or below **30% AMI**...

**“Participants whose income is below 30% of AMI are required to pay **3%** of their annual income”.....**

# Successful Strategies

## Financial Participation

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### Owner Participation as Fixed Percentage of Annual Income based on Income Level.

Example: *for Participants between 30% to 50% AMI...*

**“Participants whose income is between 30% and 50% of AMI are required to pay 6% of their annual income”.....**

# Successful Strategies

## Financial Participation

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**Owner Participation as Fixed Percentage of Annual Income based on Income Level.**

**Example: for Participants between 50% to 80% AMI...**

**“Participants whose income is between 50% and 80% of AMI are required to pay 9% of their income”**



# Successful Strategies

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- ❑ **Mandatory Homebuyer Counseling**
- ❑ **Credit Counseling (must be documented)**
- ❑ **Employment training**
- ❑ **Holistic approach to neighborhood revitalization**
  - ❑ **Address issues and concerns along with housing/infrastructure problems**
  - ❑ **Discuss how identified problems not addressed with CDBG funds will be addressed – document efforts by other partners or the local government**

# Compliance with Regulations

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- **Acquisition must be in compliance with Uniform Relocation Act (URA)**
- **For Demo/Clearance – identify owners and get commitment to sell/donate structure up front**
- **Easements for Public Facility Improvements**
- **Dilapidated Units**

# Compliance with Regulations

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## ❑ Relocation – Permanent

### ❑ Uniform Relocation Act (42 months)

☞ Owner OR Tenant

### ❑ 104(d) “Barney Frank” (60 Months)

☞ Tenant Only (Rent to Rent)

☞ One for One Replacement

# Compliance with Regulations

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- ▣ **Identify Available Resources**
  - ▣ **Comparable Units**
- ▣ **Provide Basis for Relocation**
  - ▣ **Current vs. available rents rates**

# Compliance with Regulations

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## **New Construction Eligibility**

### **❑ Last Resort**

- ❑ No Available Resources Exist**

- ❑ Cost exceeds allowable limits:**

  - Application must provide credible evidence.**

  - Cheaper to build (including land) than purchase.**

### **❑ Not-for-profit or for-profit developer**

- ❑ Approved Community-Based Development Organization.**

# For Target Areas, Make sure you . . .

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## **Provide a Unit by Unit Analysis**

- ☐ **Keyed to Map**
- ☐ **Picture(s) of Units (Exterior and Interior)**
- ☐ **List of Deficiencies for Targeted Units**
  - **Photos should document all needs described in the WWU**



# For Target Areas, Make sure you . . .



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## **Provide Cost Estimates:**

- **Keep in Mind that Actual work may be 1 or 2 years away....Budget Appropriately.**
- **Provide reasonable estimates for each unit based on complete walk through.**
- **Budget for Lead Hazard Control.  
(Program will pay all LBP Costs)**

# For Target Areas, Make sure you . . .



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## **Provide Target Area Data:**

- **Total Number of Units.**
- **Total Number of Substandard units.**
- **Total Number of Dilapidated units.**
- **Total Number of Owner Occupied.**
- **Total Number of Renter Occupied.**
- **Total Number of Vacant.**

# For City or County Wide Programs

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- ❑ **Based on new scoring criteria, this type application will struggle to be competitive**
- ❑ **Describe how units were chosen in a fair and equitable manner.**
- ❑ **Provide description of overall housing conditions jurisdiction wide - **IMPORTANT****
  - **Overall assessment of need for Housing improvements and justification for the chosen units.**

# Other Important things to Do

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- ❑ **Provide Financial Plan!!!**
  - ❑ **In Narrative and on Financial Plan Form provided in Appendix H of *Applicant Manual***
  - OR**
  - Exhibit H in *Guidelines for Residential Rehabilitation Programs***
- ❑ **Explain formula for Owner Participation Amounts.**

Exhibit H  
**Financial Plan**

REV 8/2011

# Things NOT TO DO

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- ❑ **Work in Previous CDBG Target Areas or Units.**
- ❑ **Propose 100% Grants or 100% DPL's.**
- ❑ **Propose Assistance to Landlords that exceeds 50% of Rehab Cost (Not including Lead Hazard Control).**
- ❑ **Include Elected Officials or their family members without full disclosure in the application (Conflict of Interest).**



# Things NOT TO DO

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- ❑ **Exceed \$7,000 TOTAL COST to Rehab a Manufactured Housing Unit (MHU) without VERY strong justification. (Advance approval from DCA Required.)**
- ❑ **Prepare grant request based on Maximum funds available rather than needs identified.**

# Problems with Previous Applications

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- ❑ **100% grants/DPL's.**
- ❑ **Proposed Unit Deficiencies not adequately described.**
- ❑ **Per Unit cost estimates not included or too high.**
- ❑ **Flat Participation amounts for all Participants regardless of income level.**
- ❑ **Failure to present clear financial plan and Owner Participation formula AND written commitment from owners**

# Problems with Previous Applications

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- ❑ **Rental Properties proposed without convincing commitment to participate by Landlord.**
- ❑ **Lack of consistency throughout application.**
  - ❑ **Numbers do not add up or differ from one section to another.**
  - ❑ **Numbers on DCA 8 does not reconcile with numbers projected in DCA 5.**
- ❑ **Failure to describe who will play key roles in program administration.**
- ❑ **Failure to address Lead Hazard Control.**

# Problems with Previous Applications

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- ❑ **Failure to adequately describe or document need for project (Including alternatives to strategy).**
- ❑ **Failure to budget for all needed activities:**
  - ❑ **Temporary relocation.**
  - ❑ **Easements/Acquisition.**
  - ❑ **Lead Hazard Control.**

**Failure to Disclose Conflict of Interest.**

# Don't Forget:



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**If rehab of vacant units is proposed, provide plausible explanation – and need for this activity**

**Provide clear and understandable Owner participation formula – that cover ALL circumstances (even if there are no TA families currently in a particular L/M Income Range)**

**Provide written commitment of funds from owners**

**Address all described needs**

# Don't Forget:



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## **Include House by House Analysis:**

**Units keyed to map**

**Provide pictures (Exterior & Interior)**

**Cost Estimate by Unit**

**List of Deficiencies**

**Feasibility Test Forms (for Reconstruction)**



# REMEMBER:



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**If Rental Rehab is Proposed, Include Convincing Commitment Documentation from Owners.**

**50/50 \$ Contribution Required**

**Include Map Identifying all Units, Construction Type, Condition and Proposed Activity.**

# Bonus Points – Readiness to Proceed



- Complete full NEPA review is complete AND funds released by DCA

5 points

# Statutory References

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**Regulations:** 24CFR,570,xxx

**Uniform Act:** 49 CFR, Part 24

**Section 104(d) “Barney Frank”:** 24 CFR, Part 42

**Lead-Based Paint:** 24 CFR, Part 35

**Last Resort:** 49 CFR, Part 24.404

**e-CFR Website**

**<http://ecfr.gpoaccess.gov/>**

# LASTLY. . .



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## DISCUSS PROPOSED PROJECT WITH DCA STAFF

**Glenn Misner**

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**[glenn.misner@dca.ga.gov](mailto:glenn.misner@dca.ga.gov)**



# Questions?





**GOOD  
LUCK!**